NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Group		Company	
	2013	2012	**2013**	2012
	Rm	Rm	**Rm**	Rm
29. PROVISIONS				
Non-current employee-related	**5,150**	4,880	**5,131**	4,860
Annual leave	**510**	521	**501**	512
Balance at beginning of year	**521**	489	**512**	479
Charged to employee expenses	**1**	73	**–**	74
Leave paid/utilised	**(12)**	(41)	**(11)**	(41)
Post-retirement medical aid (refer to note 30)	**5,328**	4,909	**5,305**	4,886
Balance at beginning of year	**4,909**	4,681	**4,886**	4,658
Interest cost	**622**	569	**621**	568
Current service cost	**110**	107	**110**	106
Expected return on plan asset	**(241)**	(208)	**(241)**	(208)
Actuarial loss/(gain)	**360**	(89)	**360**	(88)
Curtailment (gain)/loss	**(276)**	2	**(276)**	2
Settlement loss	**(3)**	–	**(3)**	–
Transfer from sinking fund to annuity policy	**(71)**	(47)	**(71)**	(47)
Termination settlement	**–**	(2)	**–**	(2)
Contributions paid	**(82)**	(104)	**(81)**	(103)
Telephone rebates (refer to note 30)	**420**	516	**420**	516
Balance at beginning of year	**516**	551	**516**	551
Interest cost	**44**	47	**44**	47
Current service cost	**6**	7	**6**	7
Past service cost	**2**	2	**2**	2
Curtailment loss	**6**	–	**6**	–
Actuarial gain	**(129)**	(66)	**(129)**	(66)
Benefits paid	**(25)**	(25)	**(25)**	(25)
Bonus	**787**	586	**772**	577
Balance at beginning of year	**586**	922	**577**	913
Charged to employee expenses	**775**	559	**769**	559
Payments made	**(574)**	(895)	**(574)**	(895)
Voluntary Severance Packages (refer to note 6.1)	**710**	–	**710**	–
***Less:* Current portion of employee related provisions**	**(2,605)**	(1,652)	**(2,577)**	(1,631)
Annual leave	**(510)**	(521)	**(501)**	(511)
Post-retirement medical aid	**(563)**	(492)	**(559)**	(490)
Telephone rebates	**(35)**	(53)	**(35)**	(53)
Bonus	**(787)**	(586)	**(772)**	(577)
Voluntary Severance Packages	**(710)**	–	**(710)**	–
Non-current non-employee related	**238**	36	**228**	34
Other	**1,024**	276	**1,014**	265
***Less:* Current portion of other provisions**	**(786)**	(240)	**(786)**	(231)
Other	**(786)**	(240)	**(786)**	(231)

29. PROVISIONS (continued)

Annual leave

In terms of the Telkom's policy, employees are entitled to accumulate vested leave benefits not taken within a leave cycle, to a cap of 22 days (2012: 22 days) which must be taken within an 18-month (2012: 19-month) leave cycle. The leave cycle is reviewed annually and is in accordance with legislation.

Bonus

The bonus scheme consists of performance bonuses which are dependent on the achievement of certain financial and non-financial targets. The bonus is payable annually to all qualifying employees after the Company's results have been made public.

Other

Non-employee related provisions increased due to the fines imposed by the Competition Commission.

Other provisions contain provisions for certain legal matters that have been disclosed in the contingencies note (refer to note 38).

30. EMPLOYEE BENEFITS

The Group provides benefits for all its permanent employees through the Telkom Pension Fund and the Telkom Retirement Fund. Membership to one of the funds is compulsory. In addition, certain retired employees receive medical aid benefits and a telephone rebate. The liabilities for all of the benefits are actuarially determined in accordance with accounting requirements each year. In addition, statutory funding valuations for the retirement and pension funds are performed at intervals not exceeding three years.

At 31 March 2013 the Group employed 22,192 (2012: 22,045) employees and the Company employed 21,209 (2012: 20,939) employees.

Actuarial valuations were performed by qualified actuaries to determine the benefit obligation, plan asset and service costs for the pension and retirement funds for each of the financial periods presented.

The Telkom Pension Fund

The Telkom Pension Fund is a defined benefit fund that was created in terms of the Post Office Amendment Act, 85 of 1991.

The latest actuarial valuation performed at 31 March 2013 indicates that the pension fund is in a surplus position of R100 million. The recognition of the surplus is limited due to the application of the asset limitation criteria in IAS 19 Employee Benefits. The Telkom Pension Fund is closed to new members.